

Secretary McAdoo on Prosperity

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The prosperity of the country is strikingly reflected in the surplus reserves of the national banks. These reserves are now so great that they give the national banks a further loaning power of three to four billion dollars. If we add to this the loaning power of the state banks and trust companies of the country, we have an aggregate approximating the astounding total of six billion dollars.

DUTY OF BANKERS

These great resources carry with them both opportunity and responsibility—opportunity to serve the nation's need in the highest degree and to extend assistance to our splendid neighbors of South and Central America who are suffering severely for the resources needed for their own development; responsibility to so use these resources that they will be employed in legitimate and wholesome enterprise and development, and not for speculation or inflation.

The duty devolves upon the bankers of the United States, because the responsibility rests primarily upon them to curb speculation and to restrain inflationary tendencies. The Federal Reserve board at Washington will use its great power to assist in the wholesome use of the great credit resources of the country and to prevent unhealthful tendencies; but the banks themselves have the chief power and responsibility; the Federal Reserve board can only contribute toward this result to the extent that the law gives it the necessary authority.

When I speak this word of caution about speculation and inflation, I must at the same time express my lack of sympathy with the views so strenuously put forward, and I think for selfish motives primarily, by some people and by many partisans for political purposes, that the United States must face a period of serious depression, if not possible disaster, upon the conclusion of peace in Europe. Some people are undoubtedly honestly impressed by these claims and are genuinely apprehensive about the future. Aside from the partisan purpose of this propaganda, unreasonable fear alone seems to me to be at the basis of all honest apprehension on this score.

An analysis of the conditions in the United States and of the possible economic effects of the war in Europe does not, in my opinion, give the slightest justification for any fear for our prosperity. A democratic congress, however, out of deference to any honest apprehension that may exist in the minds of business men, will enact legislation against the dumping of cheap European goods in our markets and will prohibit by law unfair competition by foreign competitors with American business men and manufacturers. While I do not believe these measures are essential, I favor them simply as a precaution and as an assurance to the timid and hesitating.

When I contrast the enormous and economic strength of the United States and the extraordinary skill and creative genius of its people, with the depleted resources and the weakened economic power of the great European nations, and the destruction of so much of their skilled labor and manhood, I feel somewhat ashamed of the fright and timidity manifested by some people of the United States whom we have been accustomed to regard as really strong.

WHEN PEACE COMES

When peace is restored to Europe, the belligerent nations will find themselves burdened with an almost insupportable load of debt. Taxation,

both oppressive and excessive, must be borne to pay the interest on these debts. Taxation is an important factor in and adds materially to the cost of production, and will seriously affect the competitive capacity of Germany, France, England and the other industrial nations of Europe. Many of their skilled workmen have been lost, and new ones must be created; many of their industries have been destroyed, and must be reconstructed. Their credit resources are seriously impaired. Other serious difficulties must be overcome if they are to regain their foreign markets. Against these formidable handicaps and terrible conditions, is it believable that the American people, with their highly developed industries and skilled labor, matchless resources, exceptional creative genius and productive capacity, are unable to sustain themselves in a fair contest for their share of the world's markets? Can it truthfully be said that our economic safety and prosperity will have to face any real peril? It is almost discreditable to our intelligence to have to argue such a proposition.

We are also going to pass a bill for the establishment of a non-partisan tariff commission in order that the tariff may, as far as possible, be taken out of politics and, through a careful investigation and study by this commission, reliable facts and data may be obtained for the intelligent consideration of the congress. The democratic party is keeping abreast of the times, and, through the instrumentality of this commission, the congress will be able to consider all tariff questions in the light of changed and changing world conditions.

BUSINESS AND PEACE

There are those who say that the loss of war orders, after peace comes in Europe, will seriously affect the industries of our country. This is absurd. The percentage of war orders, as contrasted with the entire domestic and foreign commerce of the United States, is insignificant. When war orders cease—and God grant that the necessity for them may cease soon—we shall receive orders, even from Europe, for the restorative purposes of peace, for the reconstruction of ruined industries and cities, and for the relief of the stricken markets of Germany and Austria, which have been closed to us for the full period of the war. Our trade to Austria and Germany alone for the last year prior to the outbreak of the war amounted to \$367,500,000. All this trade will be regained, and in addition to that, if we are in the least intelligent and enterprising, the great markets of South and Central America, which have been clamorously seeking us for the past two years, will more than offset any possible loss of war trade. The total imports of South America alone, exclusive of those received from the United States during the last year of available statistics prior to the outbreak of the European war, were something like \$700,000,000.

Here is a great field for American enterprise and business; a field which we would already have securely occupied if it had not been for the disastrous action of the republican members of the senate, aided, I regret to say, by a few democrats, in filibustering to death the bill introduced by the administration in September, 1914, for the purchase of \$40,000,000 of merchant ships to be used by the government of the United States for the protection of our commerce with all the nations of the world. The failure to buy these ships was a fatal and irretrievable mistake. It is a striking example of narrow par-

tisanism. If we had bought in the fall of 1914, or the early days of 1915, forty million dollars worth of merchant vessels, which could have been had at that time at the low prices of from \$40 to \$60 per gross ton, those same vessels today could be sold by the government for at least eighty million dollars. In one year these same vessels could have earned fifty to one hundred million dollars of net revenue, while at the same time carrying American products for the farmer, the manufacturer and the business man at one-third of the existing extortionate ocean freight rates.

When the historian of the future studies this period, he will say that the failure of the United States government in the fall of 1914 to buy merchant vessels for the protection of American commerce was one of the monumental and inexplicable blunders of the time.

MERCHANT MARINE

The necessity for the creation of an American merchant marine, for the regulation of ocean freight rates and for the establishment of a shipping board is just as imperative now as it was then. A democratic house has passed such a bill, carrying with it an appropriation of fifty million dollars for the construction and purchase by the government of a merchant marine to be utilized both as an essential naval auxiliary in time of war and for the uses of our commerce in time of peace. If we are going to have any genuine preparedness, about which there is so much talk on the part of our republican friends, how can they be justified in voting against this measure which is just as essential to a strong and effective navy as the guns on the decks of the battleships, or the coal which must be put in the bunkers of our war vessels. And yet most of them have voted against this essential measure.

I believe this bill will soon pass the senate of the United States and receive the approval of the President. When this happens, another great constructive measure for the prosperity and prestige of our great country, second only in importance to that of the Federal Reserve act itself, will have been secured for the American people. The Stars and Stripes will again be seen upon the high seas. The safety of our commerce will no longer be jeopardized by reliance upon foreign flags. The lives of American citizens who must travel upon the high seas will no longer be forced upon the ships of belligerent flags because there are no American ships to protect them; and the efficiency of our navy will no longer be imperiled for want of the necessary naval auxiliary to supply our fighting units with coal and provisions and ammunition which can not be supplied to them in case of war except through an efficient auxiliary merchant marine.

The flag of our country, whether

we wish it or not, has a meaning beyond our own territorial limits. By the decree of God, and by destiny, we have been thrust into a position of power, carrying with it world-wide responsibilities and forcing upon us in all probability a measure at least of world-wide dominance. That flag must never stand for a failure to meet any domestic or world-wide responsibility; that flag must forever continue to represent the true spirit and courage and genius and ideals of the American people, and above all, it must stand for truth and justice and fair dealing with all the world. It must stand for peace—peace which reflects the Heaven-given light of truth and justice; a peace we shall never be willing to disturb except in a cause whose shield is truth and honor—emblazoned by a light of such radiance and purity that every American citizen will be eager for the glorious privilege of shedding his blood in defense of it.

WATCHFUL WAITING

"What are you going to tell your constituents when you get home?" "Too soon to think about that," replied Senator Sorghum; "if some of the harsh criticism going on in my district keeps up, maybe I ain't going home."—Washington Star.

ELLIOTT LOWE

Elliott Lowe was one the early policyholders in THE MIDWEST LIFE. For a short time he was likewise a stockholder. His first policy was taken out on the 16th day of February, 1907, and the second on the 22nd day of March, 1909. Both were Twenty-year Endowment policies and each one was for \$2,500. He had paid the company \$2,327.89 in premiums.

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